

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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R 121812Z FEB 76

FM AMEMBASSY TEGUCIGALPA  
TO SECSTATE WASHDC 2477

C O N F I D E N T I A L TEGUCIGALPA 0794

EXDIS

FOR WEISSMAN, ARA/CEN

E.O. 11652: GDS

TAGS: EGEN, HO

SUBJECT: BANANAS: POTENTIAL BRIBERY CHARGE OF SEC

THE FOLLOWING IS FOR THE INFORMATION OF THE DEPARTMENT. NO  
ACTION HAS BEEN REQUESTED BY THE COMPANY.

1. A REPRESENTATIVE OF CASTLE AND COOKE (STANDARD FRUIT IN  
HONDURAS) ADVISED THE EMBASSY OF A POTENTIAL BRIBERY CHARGE  
WHICH COULD ARISE FROM U.S. SECURITIES AND EXCHANGE  
COMMISSION (SEC) INVESTIGATIONS OF U.S. CORPORATE BRIBERY  
ABROAD. AN SEC CHARGE COULD BE BASED UPON PAYMENTS MADE BY  
THE COMPANY FOR GUARD SERVICE WHICH IS PROVIDED BY THE  
HONDURAN ARMY.

2. PAYMENTS OF ABOUT \$4,500 PER MONTH ARE MADE BY STANDARD  
TO LOCAL MILITARY COMMANDERS WHO UTILIZE TROOPS TO PROTECT  
THE EXTENSIVE FACILITIES OF THE COMPANY. THE STANDARD  
OFFICIAL EXPLAINS THAT, UNDER HONDURAN LAW, PRIVATE  
MILITIAS ARE NOT LEGAL. A GUARD FORCE WOULD BE SO  
CONSIDERED. ONLY THE MILITARY CAN PERFORM THE GUARD  
DUTIES, AND HAS BEEN DOING THIS HISTORICALLY.

3. HOWEVER, IT APPEARS THAT THE MILITARY HAS A PROHIBITION  
AGAINST BEING PAID OR RECEIVING PAYMENT. THEREFORE, THE  
MILITARY IS UNWILLING TO FORMALIZE THE PAYMENTS IN A  
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CONTRACTUAL ARRANGEMENT. THE COMPANY HAS SUGGESTED THAT ITS

PAYMENT BE MADE TO THE ARMY PAYMASTER GENERAL, BUT THIS  
HAS NOT BEEN ACCEPTED.

4. THE COMPANY CONTINUES TO LOOK FOR SOME MADE OF  
ACCOMMODATION IN THE MEANS OF PAYMENT WHICH WILL SATISFY  
THE SEC AND BE ACCEPTED BY THE HONDURANS.

5. IN THE MEANTIME, THERE IS A POSSIBILITY THAT ANOTHER  
EMBROILMENT OF THE "BANANAGATE" VARIETY COULD DERIVE FROM  
SEC DISCLOSURES. IT IS POSSIBLE THAT OTHER U.S. COMPANIES IN  
HONDURAS WOULD BE SIMILARLY INVOLVED.  
SANCHEZ

NOTE: NODIS/STADIS CAPTION DELETED, HANDLED AS EXDIS PER STATE  
06128

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## Message Attributes

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